nkdf

Nechako-Kitamaat
Development Fund Society

2011 – 2012
Annual Report

March 31, 2012

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NKDF ANNUAL REPORT

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1. Report From The Chair

We've certainly had a busy, productive 2011 – 2012 year!

First, thanks again to our outgoing Directors for their commitment, expertise and thoughtful contribution to our Board: Paul Stewart, Justus Benckhuysen, Ray Gerow, Leslie Lax and Ernst Poschenrieder.

Welcome to our new Directors—Shannon Eakin, Rise Johansen, Wayne Salewski, Dwight Magee (Rio Tinto Alcan representative), and Greg Goodwin (Provincial Government representative). We look forward to working with you for the benefit of all our communities. We also anticipate filling the two Kitamaat Village seats which are currently vacant.

For the 2011–2012 year NKDF approved 21 projects for a total of $399,639 in grant funding. This brings the total amount of grant commitments since inception in 1999 to $7,247,343 and 221 projects.

A few of the projects approved during the 2011-2012 fiscal year are: Village of Burns Lake – Lakes District Multi-Sport Facility; Vanderhoof Curling Club – Upgrade; Haisla Nation Council – Tsee-Motsa Nature Interpretive Trail; and Cheslatta Carrier Nation – Chief Louie Paddle Company. As well, one of the administrative projects completed this year was the development of a flyer explaining the NKDF mandate and application process. The flyer was distributed to all residences, businesses and farms throughout the Nechako and Lakes regions and in Kitamaat Village.

Looking forward, the Board plans to continue growing the core legacy funds held with BCIMC, as well as reviewing and updating our investment policy. As a result of feedback from the communities, the Board is researching the need for a policy on areas for support of education and training projects. We've found that over the years the Board's allocation of funds has cycled through the communities in the investment area, but will be watching this more closely as the new fiscal year evolves. And finally, as a result of the mill explosion in Burns Lake and the resulting challenges that are rippling throughout the entire investment area, the Board of Directors is actively seeking ways to assist with solutions that will provide lasting economic benefits.

We look forward to meeting the challenges before us, because as Martin Luther King, Jr. has said: "The true measure of a man is not how he behaves in moments of comfort and convenience but how he stands at times of controversy and challenge."

Many thanks to all the communities in the investment area, fellow Board members, project managers and the many others who help make our funds come to life.

Original Signed by:

Rosanne Murray
Chair

2. Society Overview

2.1 Mandate

The Nechako-Kitamaat Development Fund (NKDF) Society's funding programs are designed to support sustainable economic activity in northern communities affected by the Kitimat-Kemano project and by the creation of the Nechako Reservoir. The NKDF Society spends the income from its long-term investments on programs and projects that meet each community's goals for economic development and community stability.

2.2 Background of the Fund

In 1997, the Government of British Columbia and Alcan Aluminum Limited each contributed $7.5 million to create the BC-Alcan Northern Development Fund. This BC-Alcan Agreement settled the legal issues between Alcan Aluminum Limited and the BC Government that arose from cancellation of the Kemano Completion Project. In January 1998 an advisory Board for the Northern Development Fund was formed. Its job was to advise the government on how the Fund should be run to stimulate economic growth. In April 1998, the legislature passed Bill 5, the "BC-Alcan Northern Development Fund Act."

Enabled by this Act, and by the recommendations of the advisory Board, the NKDF Society was incorporated on August 18, 1999. The Minister of Jobs, Tourism and Innovation appoints Board members to represent the communities of the Nechako-Kitamaat area.

2.3 Investment Area

The investment area for the NKDF is normally limited to those communities with evidence of impacts from Alcan's Nechako Reservoir and Kemano power project. We encourage applications from local governments and legally incorporated non-profit organizations serving the following communities:

Kitamaat Village	Village of Burns Lake	Nadleh Whut'en Band
Southside	Burns Lake Band	Fort Fraser
Nee Tahi Buhn Band	Lake Babine Nation	District of Vanderhoof
Cheslatta Carrier Nation	Stellat'en First Nation	Saik'uz First Nation
Skin Tyee Band	Village of Fraser Lake	

Applications may be accepted from other areas of Northwestern BC, provided the listed communities receive direct economic benefits from the project and demonstrate their support for the project.

2.4 *Guiding Principles of the Fund*

COMMUNITY ECONOMIC DEVELOPMENT	The NKDF will invest in community economic development projects and/or programs that are supported by the community, as long as they do not subsidize private business.
JOB CREATION & ENHANCEMENT	Creating new jobs and enhancing existing jobs are priorities of the NKDF.
SUSTAINABLE EMPLOYMENT	A priority of the Fund will be to support long term employment - both full time and seasonal.
COMMUNITY INTERRELATIONSHIPS	The Fund recognizes the value of interrelationships between communities. Consideration will be given to proposals from outside the Nechako Region and Kitamaat Village if they demonstrate a benefit to those areas.
CLEAR AND ACCESSIBLE	The Fund will have policies and programs that are accessible with clearly defined evaluation criteria.
FIRST NATIONS' PARTICIPATION	First Nations' participation in the Fund will not prejudice the First Nation land claim process.
LOCAL CONTROL	The majority of NKDF Directors will reside in the investment area. The Board will determine the ongoing management of the Fund consistent with provincial government policy.
BENEFITTING FUND	The Fund is intended to create benefits through sustainable community economic development. It is not intended to be compensation for those who believe themselves to have been negatively affected by the Kitimat-Kemano Project, the creation of the Nechako Reservoir or the cancellation of the Kemano Completion Project.
COOPERATIVE VENTURES	The Fund can be utilized in cooperative ventures along with other funding sources.
NO DUPLICATION	The Fund will not duplicate but may augment existing economic development programs.

Of the original $15 million, $5 million was provided to NKDF to be used as a working fund to invest in grant programs. The remaining $10 million of the original $15 million was placed into a legacy fund with the goal of investing and growing the fund to $15 million, and the income from the legacy fund to be used to finance NKDF grant programs into the future.

Fund investments are managed by the provincial government, through the British Columbia Investment Management Corporation, a provincial Crown Corporation. Monies of the Northern Development Fund—to be used in support of the programs of the NKDF Society—are in investment vehicles which are generally conservative but which also provide some opportunities for growth.

2.5 Society Management

The NKDF Society is governed by a northern-based Board of government appointees who live in the investment area and represent a range of interests. Board seats during the past year were held by:

- Justus Benckhuysen, Rio Tinto Alcan Inc.
- Shannon Eakin, Burns Lake (Current Secretary/Treasurer)
- Keith Federink, Vanderhoof
- Ray Gerow, Prince George
- Rise Johansen, Southside
- Leslie Lax, Prince George
- Rosanne Murray, Burns Lake (Chair)
- Ernst Poschenrieder, Kitamaat Village
- Mike Robertson, Southside
- Paul Stewart, Vanderhoof (Past Secretary/Treasurer)

Management services are provided through a contract with Dan Boudreau dba Macrolink Action Plans Inc., based in Prince George, British Columbia.

2.6 Government Relations

Since the Society's incorporation in 1999, the provincial government has transferred $6.8 million from the Northern Development Fund to the NKDF Society for its operations and programs. The balance of the original $15 million remains under the control of the BC Investment Management Corporation. (See financial statements for detailed balances of the Society's accounts.)

The NKDF Board of Directors reports to the Minister of Jobs, Tourism and Innovation. The Minister is responsible for approving the Society's annual business plan and for appointing all Society Directors. This reporting relationship ensures that the Society's actions are in line with current provincial government priorities and direction.

In addition to the Society's relationship with the province, and in order to coordinate work on projects of mutual interest, the Society also has relationships with federal government ministries and agencies such as Service Canada, Western Economic Diversification and Indian and Northern Affairs.

3. Goals and Achievements

This section includes information from the formal evaluation form completed by Society Directors at the end of each fiscal year, where criteria are judged on a score of 1 to 4, with 1 being poor, 2 being fair, 3 being good and 4 being excellent. The goal is to achieve scores of good to excellent, and to develop strategies to improve in areas that scored fair or poor.

3.1 Operations

Board Operations

There were four regular Board meetings this year and one conference call. The face-to-face meetings were held in Smithers, Southside, Kitamaat Village, and Vanderhoof.

In the annual evaluation, Directors rated most aspects of the operations as good to excellent.

While it was generally felt that conference calls, though not ideal, are the most effective way to conduct business during the winter months, Directors prefer to keep the calls efficient by focussing only on the necessary business functions. Director participation was rated as good to excellent during the fiscal.

Directors were satisfied with the frequency of Board meetings and with the decision making process. Directors believe that the Board meetings provide an effective forum for healthy and open discussion and that the consensus method is working well for decision making. The Society benefits from a mix of Directors with various background experience and interests, and who work well together for the economic benefit of all communities in the investment area.

The Directors will focus on two main areas for the upcoming year:

1. Preparation of a discussion paper on the funding of educational projects.
2. Consistent use of criteria and mandate in making decisions on applications.

Management Services

In the annual evaluation, Directors rated the Management Services as good to excellent. Directors are pleased with the flow of information, the quality of service for applicants and clients, and the continuing increase of the NKDF profile in the communities across the investment area.

The Manager has been effective at providing information prior to Board meetings and keeping Directors informed between meetings. Applicants are well prepared by the Manager, which means they understand the NKDF requirements and criteria, which helps them to provide the information needed to enable Directors to make informed decisions.

The Manager will focus on three main areas for the upcoming year:

1. Getting NKDF message out to more people in the investment area.
2. Completion of evaluation framework and communications with stakeholders.

3.2 Programs

Community Grant Program

The Society received a total of 24 new applications during the year and approved 21, totalling $390,639 for the entire investment area for the 2011-2012 fiscal.

This year the majority of Directors rated the Community Grant Program as good to excellent. The Board of Directors reached out to all residents, businesses and farms in communities across the investment area by creating and mailing a brochure. Work continues on creation of an evaluation framework for NKDF programs and operations.

Last year, the Board of Directors collaborated with RuralBC Secretariat, Ministry of Finance and BC Investment Management Corporation (BCIMC) staff to lay the groundwork to transfer the majority of the Northern Development Fund assets into investments that yield higher returns, but which are still safe. This year saw a modest growth of the legacy fund, which over time will increase the amount of grant funds available for the Nechako and Kitamaat regions.

For the upcoming year, Directors and the Manager will continue to promote the programs and endeavor to increase the uptake in the smaller communities. While NKDF Society continues to benefit from the increased recognition in the local media across the investment area, Directors and Management will increase communications with local governments and constituents throughout the catchment area.

The Directors focus on safeguarding the fund by making informed decisions that maintain the highest value to government, business people and communities throughout northern British Columbia. Throughout the year the Manager and Directors encourage and welcome feedback from all stakeholders.

With regard to programs, the Directors and Manager will focus on three main areas for the upcoming year:

1. Continue to reach out to grassroots community organizations for project ideas.
2. Consider limiting the number of "quality of life" projects, and encourage a variety of economic development projects.
3. Increase communications with local governments and residents throughout the investment area.

*Detailed descriptions of all 2011-2012 approved projects are in section 4.

Community Legacy Fund Program

The Community Legacy was established in 1999, when $10 million of the Society's funds were invested to grow and to perpetuate NKDF programs into the future. The Community Legacy Fund is currently held at the BC Investment Management Corporation and the fair market value at March 31, 2012 is $15,692,304.

4. Grants Program Details

The Society approved $359,639 in new grants this year, bringing the total approved funding to $7,247,343 since inception. The following table shows grant proposal statistics for this year and all prior years since the inception of the fund.

Year	Proposals Received	Proposals Approved	Proposals Not Approved	Total $ Committed	Total $ Paid
2011-2012	24	21	3	$359,639	$281,748
2010-2011	27	21	6	$347,343	$352,918
2009-2010	27	20	7	$727,998	$547,267
2008-2009	21	17	4	$711,395	$564,855
2007-2008	34	26	8	$716,917	$445,282
2006-2007	24	17	7	$858,659	$1,115,340
2005-2006	24	19	5	$823,199	$868,151
2004-2005	24	20	4	$368,859	$514,259
2003-2004	45	31	14	$1,172,047	$484,778
2002-2003	8	7	1	$96,145	$214,859
2001-2002	20	11	9	$318,591	$245,838
2000-2001	13	6	7	$127,334	$148,229
1999-2000	8	5	3	$48,021	$25,200
Total	301	221	80	$7,247,343	$6,249,924

The following table summarizes proposals not approved during this fiscal year.

Project	Date	Requested	Reason for Decline
Planning and Development	29-July-11	$38,855	Not enough information
Emergency Preparedness	29-July-11	$11,737	Weak link to economic development
Education Plan	30-Jan-12	$25,000	Project not a priority for [redacted]

The table on the following page summarizes the grant projects approved or under contract during the 2011-2012 fiscal year. Summaries are for each of the approved projects below.

[1] The high ratio of approved projects is due to part to the fact that all [redacted] oversight are pre-screened to ensure that to the [redacted] mandate prior to accepting applications.

Organization	Project	Approved	Approved	Status
BC Forage Council	New Crop Trials	$ 000	0000	Complete
Burns Lake & District Chamber	Economic Signs	$ 000	0000	Ongoing
Burns Lake Mountain Bike Association	Beaver Creek Run Trail	$ 000	0011	Complete
Burns Lake Mountain Bike Association	Deserts Ck. Canyon Trail	$ 000	0012	Ongoing
Burns Lake Soccer Club	Walking Trail	$ 000	0011	Ongoing
Charlotte Canoe Nation	Wood Lucas Portable Dry	$ 000	0010	Ongoing
College of New Caledonia	Flight Training Simulator	$ 000	0011	Complete
Community Futures Nadina	Entrepreneurial Initiative	$ 000	0011	Ongoing
Decker Lake Recreation Commission	Hall Renovations	$ 000	0011	Ongoing
Eagle Creek Recreation Commission	Growing Up Just Fitness	$ 000	0010	Complete
Francois / Ootsdale Recreation Council	Hall Modernization	$ 000	0011	Complete
Fraser Lake Public Library	Renovations	$ 000	0011	Ongoing
Grassroots Development	MDDF	$ 000	0011	Ongoing
Haisla Nation Council	Beautification	$ 000	0010	Ongoing
Haisla Nation Council	Tank Hiking Trail	$ 000	0010	Ongoing
Hazelton Agricultural Society	Ball Park Association	$ 000	0010	Ongoing
Lakes District Airport Society	Water Terminal Building	$ 000	0007	Ongoing
Lakes District Film Society	Historic Theatre Retrofit	$ 000	0011	Ongoing
Lakes Economic Development Assn.	Community Signs	$ 000	0007	Ongoing
Nechako Markets Development Society	Strategic Plan	$ 000	0011	Ongoing
Nechako Valley Search & Rescue	Mobile Command Centre	$ 000	0010	Complete
Nechako Valley Sporting Association	Paved Community Trail	$ 000	0011	Ongoing
Nechako Valley Sporting Association	Trail Development	$ 000	0011	Ongoing
Nechako-Nina Horse Owners Society	Arena 2010	$ 000	0010	Ongoing
New Path Bible First Nation	Community Health	$ 000	0011	Ongoing
Omineca Ski Club	Lodge Upgrade	$ 000	0011	Ongoing
Regional District of Bulkley-Nechako	Burns Lake Legion	$ 000	0011	Ongoing
Regional District of Bulkley-Nechako	Forest Industry Signage	$ 000	0011	Ongoing
Regional District of Bulkley-Nechako	Image Bank	$ 000	0011	Ongoing
Regional District of Bulkley-Nechako	Rigid Recycler System	$ 000	0011	Ongoing
Regional District of Bulkley-Nechako	Legion Kitchen Reno	$ 000	0009	Ongoing
Rio's The North Bike Club	Bike Park Drainage	$ 000	0010	Complete
Rose Lake Community Club	Hall Upgrade	$ 000	0010	Ongoing
Southside Seniors Housing Society	Independent Housing	$ 000	0009	Complete
Stellat'en First Nation	Housing Re-Werk	$ 000	0011	Complete
Stellat'en First Nation	Run of River Feasibility	$ 000	0011	Ongoing
Stellat'en First Nation	Wind Energy Evaluation	$ 000	0009	Ongoing
Stellat'en First Nation	Wind Energy 2	$ 000	0011	Cancelled
Stellat'en First Nation	Social Enterprise Dev	$ 000	0011	Ongoing
Tweedsmuir Rod & Gun Club	Economic Activity	$ 000	0011	Ongoing
Vanderhoof Curling Club	Upgrade	$ 000	0009	Ongoing
Vanderhoof Emergency Evacuation Assn.	Rescue Vehicle	$ 000	0010	Complete
Vanderhoof Volunteer Evacuation Assn.	Rescue Vehicle	$ 000	0010	Complete
Village of Burns Lake - RCMP	Arena Upgrades	$ 000	0009	Complete
Village of Burns Lake	Bio-Energy Pilot	$ 000	0011	Cancelled
Village of Burns Lake	Lit Multi-Sport Facility	$ 000	0010	Ongoing
Village of Burns Lake	Rec & Economic Growth	$ 000	0011	Ongoing

6. Project Descriptions Sorted by Location (East to West)

6.9 [illegible] Projects

Eagle Training Base [illegible] 6.9.100

College of New Caledonia

The College of New Caledonia (CNC) is establishing an Aviation Business Diploma program to help assist the employment and professional development of northern Canadian air charter operations. CNC has established an ABTC with University of Fraser Valley, who will [illegible] and working ABTC with Canadian businesses to provide the air and ground flight training. BADP approved funding assistance for the purchase of two Level C Flight Simulators to add to the training. In order for employment in northern Canadian air charter operations. The aim of the Aviation Business Diploma Program is to provide both flight and business training.

Skidmore Road [illegible] 6.9.200

Merritain Merritain Development Society

The Directors of the Merritain Digital Development Society (MMDS) identified the need to develop a strategic business case that will enable the Society to strengthen its social enterprise and [illegible] a solid foundation for the Society's modern collective approach to surrounding communities. The Study assumed by MMDS each broken capacity in Canadian to provide [illegible] days of training/facilitation to explore the value of and potential for partnership with other support agencies, as well as opportunities for refining the business model and to heighten[illegible] communities, and development of a detailed action plan.

Forest Community Trail [illegible] 6.9.300

Merritain Valley Sporting Association

Merritain Valley Sporting Association (MVSA) proposes to construct a 1.5[illegible] gravel training and recreation trail. The trail will be located at [illegible] property west of Merritainville. The trail, [illegible]kilometre[illegible], is used by a broad range of user groups, including cross country skiers, mid/mtn bikers, pedestrian hikers, hunting and nature artifacts, and equestrian athletes.

Trap Construction [illegible] 6.9.400

Merritain Valley Sporting Association

The Trap Club wishes to purchase new automated trap targets throwers (180 Series Commercial Traps), and MVT steel throw traps, thrown Trap Cycle (24 stations) necessary to operate the throwers and to arrange building a Club as the association. Currently, activities are held [illegible] Private. Any members have a role to have time while meeting their club to attend. It is expected that the increased capacity will be more efficient and positive the Club to attract visitors and tenders to the community. The project source [illegible] to [illegible] support from club members, [illegible] Trapping, and Chinese Hunting for Sports.

[illegible] [illegible] overseas volunteer [illegible] [illegible]

Teamwork Accounting, [illegible] [illegible]

[illegible] - [illegible] - [illegible] - [illegible] - [illegible]

[illegible] [illegible] [illegible] [

5.12 Power Labs/Pod Power Projects

[illegible] [illegible]

Power Labs/Pods

Power Labs/Pods provide an environment to develop and test new power technologies in a real-world setting. Power Labs/Pods are designed to be flexible and scalable, allowing for the integration of a wide range of power technologies, including renewable energy sources, energy storage systems, and smart grid technologies. The Power Labs/Pods also provide a platform for collaboration between researchers, industry partners, and policymakers, fostering innovation and the development of new power solutions. The Power Labs/Pods are located in [illegible] and are operated by [illegible].

[illegible] [illegible]

Regional Centers of Excellence

The Power Innovation Labs/Pods are a network of regional centers of excellence in power technologies. Each center is focused on a specific area of power technology, such as renewable energy, energy storage, or smart grid technologies. The centers are designed to foster collaboration between researchers, industry partners, and policymakers, and to provide a platform for the development and testing of new power technologies. The centers are located in [illegible] and are operated by [illegible].

[illegible] [illegible]

Mobile Power Units

The mobile power units are designed to provide reliable, environmentally clean electricity to remote locations, disaster areas, and temporary events. The units are powered by a combination of solar panels, wind turbines, and energy storage systems, and can be easily transported to any location. The mobile power units are also equipped with a variety of power outlets, including AC, DC, and USB, to accommodate a wide range of devices. The units are operated by [illegible] and are available for rent or lease.

[illegible] [illegible]

Mobile Power Stations

Mobile Power Stations are compact, self-contained power generation units designed to provide reliable electricity in remote locations, disaster areas, and temporary events. These stations are typically powered by a combination of renewable energy sources, such as solar panels and wind turbines, and energy storage systems, such as batteries. They are also equipped with a variety of power outlets, including AC, DC, and USB, to accommodate a wide range of devices. The stations are operated by [illegible] and are available for rent or lease.

Social Enterprise Development — $17,000

Stellat'en First Nation

Elders, especially women of Stellat'en First Nation, have identified this project as one that will steer the community to supporting small cottage industries to promote economic development. The goal is to revamp the traditional community small scale/cottage business network system where household food and household supplies were predominantly secured within or close to each community. The general goal of this economic development social enterprise is to increase the Stellat'en community garden vegetable production to generate revenue. Revenue from the sales of produce will be used to finance small scale cottage industries in Stellat'en First Nation. The proposed is a pilot project with potential of replication in other First Nations and rural communities.

Wind Energy Evaluation – Phase 1 — $84,000

Stellat'en First Nation

Beginning with a strategic planning session in 2007, the Stellat'en First Nation community has selected Wind Energy as a top economic development priority. Stellat'en First Nation wishes to complete a detailed wind resource evaluation to determine whether a wind energy operation might be feasible in the area. The resource assessment will be contracted to a technical expert in wind analysis. This project includes five steps to complete an analysis of the wind resource on the Stellat'en First Nation territory and a scoping study of financing and partnership models for project development. The Stellat'en First Nation will work with The Pembina Institute to implement the project. This project is funded in partnership by NKDF, Stellat'en First Nation, and NAAC.

Wind Energy Evaluation – Phase 2 — $2,000

Stellat'en First Nation

This project was to be a continuation of the Wind Energy Evaluation – Phase 1. The first year's data collection showed weak results for some of the winter months, and Stellat'en had planned to complete an additional year in order to confirm the data, as well as taking time to identify the right technology to take advantage of the wind energy opportunity for the site. The project was cancelled at the request of the recipient.

5.3 *Burns Lake / Southside Projects*

Walking Trail — $4,000

Burns Lake Soccer Club

The Burns Lake Soccer Club (BLSC) is 14 years old and has an active program with 30 coaches and 250 kids, ages 4-17. Part of the club's vision has been to improve the fields and the environment surrounding the soccer field, which are located in Burns Lake behind CNC and next to the high school. On the main field, there is narrow strip of land that parallels the CN railway tracks that has grown in with weeds and is largely abandoned. BLSC wishes to develop this area into a simple walking trail that would start at the field entrance, wind its way through

this area, and exit at Saul Creek. The project has two phases – 1) construction of the trail and 2) planting young saplings to border the trail. This approval is for funding to construct the trail - Phase I of this project.

Hall Renovations — $20,000

Decker Lake Recreation Commission

The Decker Lake Recreation Commission (DLRC) completed energy efficient upgrades and improvements to the Decker Lake Hall in 2009. The upgrades have reduced operating costs. Building upon the past work done, this project includes a safety component, upgrades to the kitchen, interior design improvements, and construction of a storage area for tables and chairs.

Electronic Signs — $10,000

Burns Lake & District Chamber of Commerce

The Burns Lake Beautification Committee will replace the older, well-used banner with a new electronic sign to communicate with locals and visitors to the area. The electronic sign will display advertising for commercial and non-profit chamber members and non-members.

Stearn's Creek Epic Trail — $23,200

Burns Lake Mountain Bike Association

This project first came to NKDF in November 2005 and was approved for funding to assist with the completion of the planning and assessment. That part of the project was completed in May 2006, with the help of the International Mountain Bicycling Assn. (IMBA). In August 2006, Burns Lake Mountain Bike Association was incorporated as a non-profit. Through a remarkable mixture of funding, volunteer time, donated labour, equipment, materials and supplies, public recognition and political will, the stakeholders have completed a number of projects leading to development of the mountain bike park. With this approval, BLMBA plans to construct the Stearns Creek Epic Trail, linking the Bike Part to the Stearns Creek Canyon and the top of Boer Mountain (and an existing network of trails). This leg of the project is to complete construction of the first 4.2 km of trail, which will link the Bike Park to Kager Lake and the southeast of Long Lake.

Stearn's Creek Canyon Trail — $22,600

Burns Lake Mountain Bike Association

BLMBA, a past recipient of NKDF funding, plans to construct the Stearns Creek Canyon Trail, linking the Bike Part to the Stearns Creek Canyon and the top of Boer Mountain (and an existing network of trails). This application is for assistance with completion of Phase 2 and 3. Phase 2 will link the east end of Long Lake to the Stearns Creek Canyon. Phase 3 will link Stearns Creek Canyon to the top of Boer Mountain. The creation of this portion of the Stearns Creek Canyon Trail will create new trail infrastructure to challenge both locals and visitors. The trail will be built according to Whistler Trail Standards, which is the accepted standard for Recreation Sites and Trails BC authorized trails.

Chief Louie Paddle Company — $95,000

Cheslatta Carrier Nation

This is a Cheslatta Carrier Nation (CCN) research and development initiative with a main goal of determining the market feasibility of Chief Louie Paddle Company. During the 2007-2008 fiscal Cheslatta Carrier Nation received a Western Diversification (CEDI) grant to explore opportunities for harvesting, processing and marketing the waterwood (timber recovered from the Nechako Reservoir) and beetle kill timber, as well as to address infrastructure deficiencies. To date, CCN has successfully started to produce paddles and a growing line of craft and gift items, including functional paddles, promotional sizes (from 12" to 36"), spirit feathers, drum frames, carved canoes and key fobs. The purpose of this feasibility phase of the project is to perfect and streamline the current product line, develop and add new viable products, as well as to design and implement a marketing strategy.

Growing for Our Future — $34,086

Eagle Creek Recreation Commission

The Lakes District Fall Fair grounds are home to the annual agriculture fair, which has been ongoing for more than 60 years. LDFFA demonstrates a high standard of community leadership. In 2008-09 NKDF provided funding assistance to build the horse barn and upgrade the exhibit hall. In 2009, NKDF provided funding to assist with upgrades to the exhibit hall, the horse barn, the washroom, and construction of a first aid / office building. This funding (2010) approval was for assistance with upgrades to the PERKA building, used for the Fall Fair Exhibition and RV storage, the drilling of a new well, and electrical upgrades to the Children's Festival area. Beneficiaries of this project are the residents of the Lakes District, including the many events taking place on the fair grounds, bringing opportunities to attract visitors and expenditures to the area.

Hall Modernization — $34,970

Francois Tchesinkut Recreation Commission

Francois Tchesinkut Recreation Commission, the administrator for the Francois Lake Hall, plans to complete much needed upgrades to the Hall, which was built in 1916 and hasn't had much attention since. NKDF approved funding in the amount of $34,970 for the upgrades to the kitchen facility.

Memorial Ball Park Restoration — $25,510

Key'ikh Wela'ats'in'ekh Society

The Dennis Alec Memorial Ball Field is located on the Wcyenne Reserve in Burns Lake, BC, home of the Lake Babine Nation. The Ball Field was built for the community in 1994 by local community members, and includes a fence, bleachers, dugouts, concession, announcer's booth and bathrooms. Over time the ball field has detericrated and become an unsafe environment for youth and community members. NKDF approved an amount of $25,510 to assist with upgrading the ball field to increase usability and make it a safer facility, including construction of a concession stand and bathrooms, bleachers, and an announcer's booth.

Baker Airport Terminal Building — $100,000

Lakes District Airport Society

Lakes District Airport Society (LDAS) is constructing a 2,500 sq. ft. terminal building at the Baker Airport. The airport, located 20km west of Burns Lake, currently has no heated facility for visitors or medical staff. LDAS plans to operate and maintain the building via meeting room rentals, membership increases, cafeteria lease and office rental. The terminal building and the planned increase in service are necessary parts of the Lakes District efforts to combat the impacts of the mountain pine beetle infestation by diversifying the economy.

Beacon Theatre Retrofit — $10,850

Lakes District Film Society

Lakes District Film Society (LDFS) was formed in 2009 to support presentation, appreciation, and production of film in the Lakes District. Currently at 92 members, the Society has purchased the Beacon Theatre and proceeded to tackle a number of upgrades to the facility, including replacing 3 furnaces, installation of a POS system, purchasing a computer system, purchase and installation of a Satellite system, and purchase of a security system.

Community Signs — $15,000

Lakes Economic Development Association

Lakes Economic Development Association is approved for funding to assist the downtown Burns Lake revitalization project, comprised of creating and replacing the easterly and westerly "Welcome to Burns Lake" community signs, as well as adding a 3rd entrance sign south of town.

Community Health — $12,000

Nee Tahi Buhn First Nation

In this endeavour to set up hot-beds and greenhouses at each Band's location, Nee Tahi Buhn Band represents itself, Skin Tyee Nation, and Cheslatta Carrier Nation. The project aspires to grow and supply the three First Nation communities on the south side of Francois Lake with locally gown vegetables and fruits. On the capacity building side, they plan to teach skills such as meal preparation, canning, storing and eating healthy foods. A part of the project includes education in nutrition, with the support of health professionals from Carrier Sekani Family Services and the Southside Wellness Centre.

Lodge Upgrade — $15,442

Omineca Ski Club

Omineca Ski Club (OSC) plans to renovate the Ski Lodge and proactively market the facility. Work needed on the Lodge includes: flooring, acoustic sound tiles, additional speakers, curtains/blinds, and paint. Once the Lodge is completed, OSC plans to develop a brochure highlighting the features and Ski Club trails, as well as pushing the facility for rentals, and

revamp the website and develop a larger social media strategy to attract tourists, skiers, and businesses.

Pager Repeater System $28,004

Regional District of Bulkley Nechako

Regional District of Bulkley Nechako was approved for funding assistance to install a Pager Repeater System to serve the Southside area. The project consists of upgrading the Mount Verdun Repeater Tower, clearing trail and site near Danskin, installation of an 18 to 20 meter repeater tower at the Danskin site, constructing a small equipment storage building, installing solar power at the Danskin site, and purchasing 12 pagers for the Southside Volunteer Fire Department. The Danskin tower is necessary to boost the reception and pager coverage across the entire protection area and link the pager service to the 9-1-1 service.

Burns Lake Legion $12,662

Regional District of Bulkley Nechako

The Burns Lake Legion (in existence for 65 years) plans to renovate its facility and proposes a project that will reduce operating costs, update the interior, improve capital assets, and enable the organization to keep current clientele happy as well as attracting new patrons to the facility. This project includes: installation of vinyl siding, painting of the interior, insulation of the ceiling, installation of T-bar lighting system using T8 florescent tubes, installation of carpet and lino, and building and installation of new table tops. Also included in the project are purchases of a gas cook stove, new tables and chairs, a public address system, and a changeable outdoor advertising sign.

Hall Upgrade $8,354

Rose Lake Community Club

The Rose Lake Community Club (RLCC) started renovating the Hall in 2009, and is now positioned to complete the project. The Club has already installed energy-efficient upgrades, installed a wheelchair accessible washroom, completed a 12' x 30' addition to the hall, and drilled a well and installed running water. This project will complete the final phase, including: insulating the perimeter of the hall, painting the ceilings, refinishing the original wooden floor, painting the interior, and installing linoleum in the kitchen.

Independent Housing $35,000

Southside Seniors Housing Society

Southside Seniors Housing Society is building a seniors housing facility at Hospital Point. NKDF funds are to assist with hiring professionals to produce a geotechnical, and topographical survey of the land. They plan to use the funds to subdivide the land, and for legal and professional fees associated with the permission to enter agreement, property sale and land transfer.

Economic Activity — $27,500

Tweedsmuir Rod & Gun Club

This infrastructure improvement project will increase economic activity in the area, reduce Greenhouse Gas Emissions and increase accessibility for those with mobility issues. The project will create new economic opportunities for the Tweedsmuir Park rod & Gun Club, as well as for businesses in Burns Lake. The project includes the construction of a rifle range building, construction of a covered main entrance and wheelchair ramp, and insulating the roof and installing new shingles.

Arena Upgrades — $43,926

Village of Burns Lake – Regional District of Bulkley Nechako

This proposal arises from a feasibility analysis that was completed to determine which improvements are needed to the Tom Forsyth Memorial Arena, and prioritize those improvements. The Arena caters to at least 15 user groups, is host to 14 winter tournaments and 3 summer events – each event attracts approximately 160 visitors to the community. NKDF approved funding to assist with improvements to the arena according to the priorities identified in the feasibility study.

Bio-Energy Pilot — $23,875

Village of Burns Lake

This project was conceived by stakeholders of the Burns Lake Energy Forum. Village of Burns Lake has established a MOU with several groups under the heading of Burns Lake Energy Working Group. The purpose of the project is to develop a community heating system that will utilize local wood supplies. The project is comprised of 3 main stages: 1) Feasibility, 2) Detailed Engineering, Design & Governance, and 3) Construction. NKDF funding is approved to assist with the Detailed Engineering, Design & Governance portion of the project. This project was cancelled in the 2011-2012 fiscal.

Lakes District Multi-Sport Facility — $40,000

Village of Burns Lake

This project consists of expanding and connecting the existing arena and curling rink, creating a 10,000 square foot addition to the existing recreation facilities. The expansion will offer a squash court, climbing wall, children's indoor play area, work-out gym, equipment rental space, multi-purpose community area, training space, recreation programming space, event hosting and sport development space. The new expansion will meet the community's need for a year round recreation centre that is open to all residents and recreation groups.

Recreational & Economic Growth — $46,730

Village of Burns Lake

Village of Burns Lake plans to increase economic activity and participation at Spirit Square and the Tom Forsyth Arena by making improvements at each facility. Spirit Square and the Tom

Forsyth Arena encompass an area with recreational opportunities for ice sports, water sports, skateboarding, curling, tennis, self-directed exercise, and free camping. For the Arena, the project includes the purchase of two regulation hockey nets and 9-foot dividers to replace the currently used 30 cm, foam-dividers—which will allow two teams (ice or no ice) to play simultaneously, increasing capacity. Project also includes purchase and installation of solar lighting at Spirit Square—which produces no greenhouse gases while increasing the operating hours and reducing the cost of lighting. As well, the proponent will purchase kayaks, canoes and skateboards to rent to locals and tourists.

5.4 *Kitamaat Projects*

Kitamaat Village Beautification **$23,000**

Haisla Nation Council

Kitamaat Village Council was approved for funds to assist with a two-part project in Kitamaat Village, to build 4 bus shelters and a grave digging shed at the grave yard. The project will employ Haisla members to build the shelters.

Tsee-Motsa Trail **$13,223**

Haisla Nation Council

Haisla Nation Council plans to build a nature interpretive trail, including a bird viewing platform. The 2.5-kilometre Tsee-Motsta Nature Interpretive Trail starts at the MK Bay Marina and connects to Handerson Ranch. The trail is a traditional cultural trail used by Haisla people for harvesting plants, trapping animals, and other cultural purposes. The goals of the project are to remove hazards to improve safety, protect the environment, and increase signage to improve user access. The trail follows the shoreline and includes a number of viewpoints on Douglas Channel and Minette Bay Estuary, and is representative of the coastal rainforest ecosystem. The trail will be for non-motorized use only, and is currently used by many hikers of different ages, including walkers, runners, and elderly people. The project includes erecting 12 signs for plant ID and 2 signs at the trailhead for general description of the trail.

5.5 *Regional Projects*

New Crop Trials **$8,000**

BC Forage Council

The BC Forage Council is the lead agency in BC for testing improved forage crops. This project will test forage varieties between 2008 and 2011 with the intention of increasing crop yield and profitability for Nechako area farmers and ranchers. Other funding partners include Nechako Area Livestock Producers and Fort Fraser Livestock (Horn) Fund.

Enterprising Artisans — $16,250

Community Futures of Nadina

This project is a partnership led by Community Futures of Nadina and including Cheslatta Carrier Nation, and Rio Tinto Alcan. Representatives from each partner will manage the project, which will draw on resources from a broader range of stakeholders and serve a broader group of participants, including First Nations groups both in and outside the NKDF investment area. The purpose of this project is to bring together artisans along the western corridor, create a brand, increase the profile of local artisans, and build a marketing and distribution system, including an online portal.

Grassroots Development Project — $10,000

Nechako-Kitamaat Development Fund Society

The purpose of the Grassroots Economic Development Opportunities Fund is to enable NKDF to facilitate project development at the community level while leveraging funding from outside the investment area. The idea behind this concept is to have funds available to assist constituents or applicants to turn their project ideas into living projects. Administered by the NKDF Manager, the Grassroots Development funding is to assist applicants with locating potential funding agencies for projects and broader economic development related projects such as making training available that might not otherwise be offered in the communities in the NKDF investment area.

Mobile Command Centre — $21,000

Nechako Valley Search & Rescue Association

Since 2003, NVSAR members have been fundraising to purchase a new mobile command centre needed to replace their mechanically unsound bus. Unable to raise the funds necessary to purchase a new mobile command centre, members downsized and focussed on purchasing a used pickup, a medical transport camper and a trailer. This project included funding assistance to help pay for a generator and completion of cabinets in the trailer.

Farmer's Market Signage — $3,667

Regional District of Bulkley Nechako

Regional District of Bulkley Nechako (RDBN) began an Agriculture project in 2010 that included assisting Farmer's Markets operating within the region with advertising and training. In this project, RDBN plans to develop highway signage with a regional logo, and advertising banner, and the addition of Farmers' Market information to the RDBN website. The project includes all 8 Farmers' Markets in the region, but this application is for assistance with the 5 markets that are within the NKDF catchment area, including Vanderhoof, Fort Fraser, Lakes Public in Burns Lake, Heritage in Burns Lake, and Southside.

Image Bank $10,000

Regional District of Bulkley Nechako

Regional District of Bulkley-Nechako (RDBN) is developing a Digital Media Image Bank (Image Bank) to support tourism within the region. The image bank will include still photographs and video footage that can be accessed by partners to highlight the Regional District of Bulkley-Nechako. The RDBN and all participating communities within the region will have access and rights to the images to promote the area. The proponent anticipates that materials may be used for Websites, Social Media Sites, Northern BC Tourism and Tourism BC, Print Media, Television, Google maps and Hello BC. RDBN plans to gather images by hiring professional photographers and by hosting a contest for amateur photographers.

6. Financial Highlights at March 31, 2012

2011-2012 Income and Expenses	Budgeted	Actual
Administration Expenses	$80,000	$81,808
Grant Payments	$699,344	$382,663
Investment Income	$32,816	$7,838

Note to administration expenses: Manager Fees were $55,049. Manager travel costs were $4010. Director Honoraria totalled $5,996. Travel and Meeting Costs were $4,358 and the balance of $12,483 was for Accounting, Advertising and Office Expenses.

Note to grant payments: The variance between the budgeted and actual is due to: 1) a number of projects were extended, delaying payments; 2) a number of approved projects were slow to get started; and 3) the grant commitments outstanding amount of $551,619 is included in the projection, but not included in the actual figure.

Note to grants: The Society approved a total of $399,639 in new grants for the year.

Note to investment income: NKDF investments are held at Integris Credit Union in Vanderhoof and with Phillips Hager and North (PHN).

Account Balances as at March 31, 2012	
Cash and Term Deposits – Administration	$36,999
Cash and Term Deposits – Grant	487,473
Short Term Investments	1,229,449
Accrued Interest & Receivables	7,801
Minus accounts payable	(1,033)
Net Financial Assets	1,759,689
Less Grant Commitments Outstanding	(551,619)
Total NKDF Net Assets Less Grant Commitments	$1,107,867

Combined assets: The balance of the original $15 million dollar contributions from Alcan and the BC Government are held in the Northern Development Fund, managed by the British Columbia Investment Management Corporation. The market value of this investment account as of March 31, 2012 was $15,092,004, so the combined assets of the NKDF and the Northern Development Fund total $16,264,989.

Annual Audit: The annual audit of the NKDF was completed in May 2012 by Edmison-Mohr Chartered Accountants (Smithers). The audited statements are attached as Appendix A.

Appendix A: Audited Financial Statements